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SENSITIVE  
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TAGS: [PGOV](#) [KCOR](#) [KDEM](#) [UG](#)  
SUBJECT: UGANDAN PRESIDENT INTERVENES IN NSSF SCANDAL TO  
SAVE MINISTERS, RULING PARTY

REF: A. KAMPALA 1220  
[1](#)B. KAMPALA 1350

[1](#)1. (SBU) Summary. President Museveni stepped in to spare the ruling party from protracted and bitter infighting in the ongoing scandal involving the National Social Security Fund (NSSF). In doing so, Museveni cleared the Ministers of Finance and Security of any wrongdoing after a parliamentary committee majority report recommended both men be sanctioned for their roles in a land purchase scandal. Museveni told parliamentarians to adopt a parliamentary minority report, which had dubious authorship. The saga might not be completely over, as the opposition walked out of Parliament over presidential interference and the Inspectorate General of Government could investigate the various leadership code violations. Nonetheless, the scandal exposed deep divisions within the ruling party. Last week's ruling party caucus meeting saw the First Lady, Janet Museveni, demand the ministers resign and pay back the funds from the land deal. She raised questions about the government's "zero tolerance of corruption." Museveni's actions also raise doubts about his willingness to respect checks and balances, such as decisions of parliamentary oversight committees. The President's backing of his longtime friend, Security Minister Amama Mbabazi, who is highly unpopular within the ruling National Resistance Movement (NRM), could have serious implications for the party, the President's primary vehicle for re-election in 2011. End Summary.

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GAMES THAT WERE PLAYED  
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[1](#)2. (SBU) Daily twists and turns in the NSSF scandal have captivated Ugandans since August as a parliamentary committee investigated Minister of Security Amama Mbabazi and Finance Minister Ezra Suruma. (Ref A) The two ministers were investigated for conflict of interest and influence peddling in a land sale to the NSSF, which was under Suruma's authority. From the outset, Mbabazi, the NRM Secretary General, pushed for the issue to be dealt with by the party. However, he was surprised when he met resistance at an NRM Central Executive Committee (CEC) meeting on September 9. (Ref B) By all accounts of the CEC meeting, the President had asked Mbabazi if he had followed the proper public procurement procedures. Mbabazi's response did not satisfy Museveni. CEC members pushed for Mbabazi and Suruma to resign. The President and the CEC decided to punt and agreed to wait for the report of the parliamentary investigation before deciding on a course of action.

[1](#)3. (SBU) Mbabazi quickly went on the offensive, claiming to be the victim of an ethnic witch hunt within the party. (Ref B) When his accusations fell on deaf ears, Mbabazi co-opted a business associate to help him attempt to frame his archenemy, former Minister of Health Jim Muhwezi, who championed the call for Mbabazi's resignation, on bank robbery charges. This too failed because the Director of

Public Prosecutions, Richard Buteero, found no basis for charging Muhwezi. The Parliamentary Committee on Commissions, Statutory Authorities, and State Enterprises conducted public hearings. NSSF Chairman Chami Jamwa requested a closed door appearance. Jamwa testified he was under considerable pressure from the ministers to buy the land so that they could save their bank, the National Bank of Commerce, from a Nigerian take-over. Just prior to writing the committee report, NRM members of the committee were invited to meet with the Parliamentary Chief Whip and Mbabazi. President Museveni also called them to State House to make Mbabazi's case that the land sale was an investment and did not need to follow public procurement procedures. Museveni argued that Mbabazi was not directly involved in the deal because he had given power of attorney to his business partner. Suruma attempted to resign twice during this period, but Museveni refused to accept it.

14. (SBU) During the committee retreat to write the final report, its members came under intense pressure, with offers of money and women to entice members to clear the ministers, according to the committee member Abdu Katuntu. The final committee report found the two Ministers had a conflict of interest and had peddled influence in the land deal. Fourteen committee members signed it, including nine NRM members. The penalty recommended under the Leadership Code, upon which the committee relied for its recommendations, is removal from office. The pro-Mbabazi forces scrambled to persuade six committee members from the NRM to sign a minority report. Other committee members claimed that the minority report was not drafted by its own members, but instead, by Minister of General Duties, Adolph Mwesige, and

KAMPALA 00001484 002 OF 003

Mbabazi's sister-in-law, Hope Mwesigye, the Minister of State for Local Government. The minority report also did not follow proper parliamentary procedures. It exonerated the ministers of any wrongdoing, arguing that the NSSF deal was an investment and public procurement procedures did not apply. It also argued that Parliament does not have the authority to enforce the Leadership Code.

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PRESIDENTIAL PREROGATIVE  
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15. (SBU) President Museveni chose to adopt the minority report. Prior to the parliamentary floor debate on the majority and minority reports, he called an NRM parliamentary caucus meeting on November 3. In another long, stormy meeting with NRM parliamentarians, the President continued to defend Mbabazi. Museveni had ordered Mbabazi and Suruma to apologize to the caucus and ask for the parliamentarians to help the ministers for the sake of the party. According to several members, Mbabazi fell short of apologizing, instead saying that he should have paid more attention to the transaction, while Suruma was on the verge of tears when he spoke. Opposition from Janet Museveni, the First Lady and a parliamentarian, took the President completely by surprise. The First Lady stated that the two ministers should resign and pay back the money in order to save the principles of the party. She said that the saga called into question the NRM's commitment to "zero tolerance on corruption." Museveni was visibly shocked that his wife would openly oppose him in a public venue and told the caucus that Mrs. Museveni's statement was "not the family position." He called for a recess. According to NRM parliamentarians, the caucus was pressured into adopting the minority report and to argue that Parliament had no authority to enforce the leadership code, which was the responsibility of the Inspectorate General of Government. The NRM then used its majority position during the floor debate, which prompted the opposition to walk out of Parliament.

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IMPLICATIONS

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16. (SBU) There will be significant fall-out from the scandal in days to come. Museveni allegedly made several statements to ruling party members that he was in charge of the party and would not allow it to be torn apart. Mbabazi and Suruma have kept their jobs for now, but allegations of other improprieties are surfacing. Museveni enforced ruling party discipline to save Mbabazi in Parliament, but he will not be able to do so at the NRM party delegates' conference later this year where parliamentarians can vote their conscience. We expect young NRM parliamentarians could combine forces with powerbroker historicals General Kahinda Otafiire and Defense Minister Crispus Kiyonga to remove Mbabazi from his position as Secretary General of the NRM. Museveni will need NRM parliamentarians to pass several amendments to the Constitution and electoral code. Some have told us that presidential patronage will become more expensive in order to maintain discipline as ruling party divisions continue to grow.

17. (SBU) The ruling party will grapple with the long-term costs of the short-term move to spare Mbabazi and Suruma. The First Lady's statements critical of the signal that the President's rescue of his friend sent to the outside world and its impact on the ruling party's founding principles struck a note with many NRM members. These concerns will likely deepen if Mbabazi exacts revenge, as expected, against party members who opposed him, such as Muhwezi. Members of Mbabazi's staff have told us that corruption cases against the Minister's enemies will be stepped up. The Public Accounts Committee says it will move ahead with investigations of other senior ruling party officials, such as Foreign Minister Sam Kutesa, which could make it difficult for Museveni to save all of his cronies.

18. (SBU) The opposition walk-out was stated to highlight Museveni's intervention as an example of his unwillingness to live with the checks and balances that come with multi-party democracy, according to Morris Latigo, the Leader of the Opposition. For ordinary Ugandans, the outcome of the saga fit a predictable pattern of corruption within the inner circle and the lack of political will to sanction against the corrupt officials. The outcome of the NSSF saga will reinforce the public opinion that President Museveni has failed to implement his promise to fight corruption. A May 2008 poll, indicates that 54% of Ugandans do not believe that Museveni has fulfilled his pledge to fight corruption, 36%

KAMPALA 00001484 003 OF 003

believe that he has implemented his pledge to a small degree, and only 4% said that they believe Museveni had fought corruption to a "great extent".  
BROWNING